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Report Highlights:
Report contains Italian and EU agricultural news items of interest for the month of March 2010.

General Information:

ITALIAN AGRICULTURAL NEWS

Italy Rejects Farmer's Request to Cultivate Biotech Corn

On January 19, 2010, the "Consiglio di Stato' (Council of State) ordered the Ministry of Agriculture to issue procedures within 90 days for the cultivation of biotech crops. Since then, two other developments have occurred: Italy's Biotech Seed Commission (BSC) has rejected Mr. Silvano Dalla Libera's (a farmer and vice-president of Futuragra, a pro-biotech farmers' group) petition to plant biotech corn, and the Ministry of Agriculture then issued a decree specifically forbidding Mr. Libera from cultivating biotech corn.

The BSC met on March 18, 2010, to discuss the court ruling, Italy's EU obligations, and Mr. Libera's and other similar requests. Their decision was to ignore Italy's EU obligations and reject the farmers' request for all the usual reasons (the precautionary principle, lack of co-existence regulations, lack of research, and the need to safeguard the so-called 'Made in Italy' brand). The rejection was not unexpected. Minister of Agriculture Zaia has been unusually outspoken against agricultural biotechnology in the lead up to Italy's late-March elections.

To underscore his opposition to biotechnology, Minister Zaia then issued a decree, which he signed on television, rejecting Mr. Libera's request. The decree is very short and simply reads: "The request to plant GM corn hybrids, including the Mon810 event, submitted by the Dalla Libera Silvano Farm on 08/14/2006 is rejected." At this time, the decree also needs to be signed by the Ministers of Health and Environment. Speculation is that they will do so.

The bigger question is whether the government will comply with the ruling of the "Consiglio di Stato" and what Italy's growing number of pro-biotech farmers will do if they don't.

FEATURE ARTICLE

Geographical Indicators: Background

Geographical indications (GIs) are indications that identify a good as originating from a certain place, where a given attribute, reputation, or other characteristic of that good is essentially attributable to its geographical origin. Examples of GIs include Florida oranges, New Zealand lamb, and Parma ham. Although frequently applied to foods items, GIs may be associated with any product (e.g., Swiss watches).

GIs act like trademarks. Once established they confer certain exclusive rights to the owner. Producers use GIs to create market recognition, hopefully at a premium price. Although GIs may benefit from a certain reputation or characteristic, their quality – that is, their goodness, wholesomeness, healthiness, and safety – is not guaranteed above the minimal level guaranteed for all similar food items. The perceived "quality" of GIs is thus a matter of taste and marketing. For example, Grano Padano

producers claim that blind taste tests show there is no statistical taste/preference difference between their product and Parmigiano Reggiano, even though the latter costs several Euros more per kilo. Not all GIs win international taste competitions.

The United States and the European Union (EU) protect GIs in different ways. The United States—and most of the rest of the world—protect GIs as part of their patent and trademark laws. However, in 1992, the EU developed a new system, using an EU-wide registry, to provide protection for geographical indications and designations of origin of certain agricultural products and foodstuffs. In 1999, the United States challenged the EU's GI regulation in the WTO on two grounds: discrimination against U.S. GIs and failure to protect U.S. trademarks. In March 2005, the WTO panel ruled that certain aspects of the EU GI regulations were inconsistent with WTO rules and set a deadline for the EU to modify its regulations.

Controversies occur when GIs protected in one area are considered to be generic in another. For example, cheddar is considered to be generic (mainly because the world consumes far more cheddar cheese than could be produced in Cheddar), while Italy argues vehemently that 'parmesan' (as well as Parmigiano Reggiano) and any other similar sounding words are GIs. Controversies also occur because many "GI" products were made well before they were registered under the EU scheme (which began only in 1992) by people who long ago moved from a particular geographical area to settle elsewhere, taking their traditional knowhow with them.

Italy and GIs

An important strategy of Italy's agricultural and food processing sectors is that the country will profit most by manufacturing high-quality goods. Industry representatives cite aesthetics, quality, variety, and culture as the key images that Italian products command in international food markets. Central to the Italian strategy are GIs – protected labels, including Protected Designation of Origin (DOP), Protected Geographical Indication (IGP), and Traditional Specialty Guaranteed (STG) – that tie a product to its territory of origin, signaling its authenticity to consumers.

Under GI labeling rules, a product can receive a DOP if it is entirely manufactured in a given area, including preparation, processing, and production. An IGP refers to a product that is partially manufactured in a given area, including preparation, processing, or production. An STG refers to a product that is traditional to a given location, but it does not need to be produced in that area.

While consumers commonly (mis)understand these labels to be a mark of quality, GIs simply refer to a a defined production process or location. Given the preponderance of small to medium sized producers in Italy, such producers can gain a larger market presence by forming associations based on GIs and strict production processes to produce a more-or-less homogenous product. Mozzarella di Bufala and Brunello di Montalcino are two such associations.

The Ministry of Agriculture claims that Italy has as many as 5,000 domestically-registered GIs—many of which are produced in extremely limited quantities and are relatively obscure. Italy also has more EU-registered GIs than any other EU country. In 2009 it had 122 DOPs, 71 IGPs, and one STG, totaling 194 GIs. Italy accounts for 21% of all GIs in the EU, followed by France with 167, and Spain with 129. Italy shows no sign of slowing down in its registration of GIs; in 2009, Italy registered 19

new products, more than three times as many as France or Spain.

Italy often cites it lead in the 'race' to register GIs as confirmation of the superiority of its agricultural system. However, it's not clear anyone else is competing. Even if they are, when one understand GIs as trademarks, rather than quality seals, it becomes a different race. The process also is self-limiting. At some point, GIs will become commonplace, as may be the case with Italy's 37 GI olive oil brands or €2 DOCG wine on 'offerta.' Other statistics of note are that Italy is a net agricultural importer, is the world's largest wheat and olive oil importer, and imports most of the protein required for livestock feed rations and more than half of the milk and two-thirds of the ham it consumes.

THE EUROPEAN UNION

Italy Complains about First EU Approval in 12 years to cultivate a GMO Crop

The European Commission (EC) approved the transgenic Amflora potato for cultivation, ending its 12-year *de facto* moratorium on approvals to cultivate genetically modified organisms (GMOs) in the European Union (EU). The Commission also approved the use of Amflora by-products (peels) as animal feed and 3 varieties of GMO corn for importation, processing, and use.

"The European Union operates on the rule of law. There have to be certainties about the way Europe is managed," explained John Dalli the European Commissioner for Health and Consumer Policy, who stressed the long evaluation process, including approval by the European Food Safety Agency (EFSA). According to Europabio, an additional 17 GMO crops are in the approval process for cultivation and 44 products are awaiting authorization for food and feed as well as for import and processing in the EU.

The Commission's decision has sparked the usual complaints from Italy and has received prominent attention in the Italian media. Italian Minister of Agriculture Zaia stated he is adamantly opposed to the decision and suggested holding a national referendum. He reiterated that Italy's strict enforcement of a ban on GM foods is a "question of national sovereignty" and announced plans to ally with other EU members to demand that the decision be reversed.

Commissioner Dalli said "Once the scientists have spoken, I am not going to interpret their positions in terms of the popularity rating I want." Among the benefits the Commission itself listed for approving the three GMO corn varieties are: 1) GMO corn varieties are less susceptible to molds and mycotoxins, 2) GMO corn varieties provide environmental benefits by increasing yields on the same amount of land, with fewer inputs, including pesticides, 3) the EU livestock industry relies on GMO imports to be competitive, and 4) approval will avoid trade disruption.

The German firm, BASF, which developed the Amflora potato to be rich in starch as an alternative thickening agent for paper, adhesives and textiles, has been seeking the Commission's approval for cultivation since 1996. Sources expect cultivation could begin this April in the Czech Republic, Germany, Sweden and the Netherlands. The Amflora potato is an industrial crop and no food use is anticipated.

Zaia recently vowed to prevent the potato from crossing Italy's border in order to protect Italy's agriculture, culinary heritage, and consumers. Many observers find it difficult to understand what the Ministry thinks it is protecting Italian consumers from. A significant percentage of Italians would buy GMO foods if they were available and most do so without realizing it. GMO's long ago crossed Italy's borders and entered the Italian food chain. Italy annually imports more than 4 million tons of GMO soybeans and soybean meal as basic ingredients for its livestock, dairy, and poultry sectors whose products are processed into Parma ham, Parmigiano-Reggiano, and other renown Italian food products.

Industry Warns of New EU Feed Import Disruption

The EU feed industry warned that the EU faces renewed disruption in its animal feed supply unless policymakers find a rapid solution to the problem of traces of non-approved GMOs (mostly of which are unapproved GMO corn events) in shipments of soybeans. Last autumn imports of soybeans from the United States (the world's leading supplier) came to a near standstill because of the EU's zero-tolerance rule on shipments containing traces of GMOs not yet approved in the EU. The EU's meat, milk, and poultry industries are highly dependent on imported feed. GMO soybeans and soybean meal are key materials in animal feed production.

Recently, the Commission has been approving GMO varieties by decree because Members States cannot reach a qualified majority. The Commission is expected to propose new technical guidance under existing EU rules on food and feed imports, telling Member States how to interpret the zero-tolerance rule when testing shipments. However, this technical approach is expected to provide only a stop-gap solution. John Dalli, the EU health commissioner who oversees GM policy, said that he plans to propose a solution to the so-called "low-level presence" of unauthorized GMOs in imports. The EU eventually will have to develop a lasting policy regarding the low-level presence of GMOs in imports as more and more GMOs events are approved in exporting countries but remain unapproved in in the EU.

EU and Argentina Settle WTO GMO Case

Following a series of complaints by the United States, Canada, and Argentina against the EU on the application of its legislation on biotech products, which is in violation of the WTO Sanitary and Phytosanitary (SPS) Agreement, the EU and Argentina have signed a final settlement. The mutually agreed solution provides for regular dialogue between Argentina and the EU on biotechnology issues of mutual interest. The EU has also agreed to establish with the United States and Canada "a regular dialogue on issues of mutual interest on agriculture biotechnology."

A GLOBAL PERSPECTIVE

Genetically Modified Foods – The Global Debate

For more than a decade, two opposing views of biotechnology have fought for the hearts and minds of the world's farmers and consumers. Biotechnology allows scientists to genetically manipulate common crops by inserting genes that produce desirable traits. Thus far, the two main traits are herbicide resistance, which allows farmers to use Roundup weed killer without harming the crop and

pest resistance, which gives the crop the capacity to resist harmful insects. Biotechnology has been embraced by many as a way to better feed a soaring world population. Others raise the specter of "Frankenfood," whose long-term effect on human and environmental health has never been adequately studied.

Europe has largely rejected genetically modified crops on the grounds they pose potential ecological and health nightmares. But in North America and South America, farmers embrace them, arguing they protect the environment by decreasing pesticide use and making no-till (where the soil is not plowed) farming possible. No-till not only conserves fuel but increases water retention, decreases erosion, and at least by some measures reduces carbon released into the atmosphere.

China recently approved biotech rice and corn varieties, which some believe could be the beginning of a broader acceptance of the technology. China's move could be mitigated in part by India's decision in February to reject a newly approved genetically modified eggplant variety, but the struggle is still on to win over the largely undecided portions of the globe: Africa and Asia.

Super-sizing the "Last Supper"

According to a study by Cornell University, we've been overeating our way through ever-larger portions over the past 1,000 years. The study, based on more than 50 paintings of the Biblical Last Supper, shows that the sizes of the portions and plates in the artworks, which were painted over the past millennium, have gradually grown by 23 and 69 percent. This finding suggests that the phenomenon of serving bigger portions on bigger plates, which pushes people to overeat, has also occurred gradually over the same time period. The last thousand years have witnessed dramatic increases in the production, availability, safety, abundance and affordability of food, and as art imitates life, these changes have been reflected in paintings of history's most famous dinner.

Biotech Gets the Go Ahead from Bangladesh Agriculture Minister

According to the Bangladesh Minister of Agriculture, biotechnology is an indispensable tool to meet the world's growing demand for more food, and is a useful in the fight against hunger, poverty and malnutrition. In Bangladesh the demand for food is expected to be almost double during the next 20-25 years, and additional production must be achieved in view of diminishing land and water resources. By 2015, population is estimated to be 165 million, with only 14 million hectares of arable land, (of which 1.5 million ha flood prone, 5.05 million ha susceptible to drought and 3 million ha with salinity problems). Overall, the present government and public in general are for modern technology and for the adoption of biotech crops as they are the only way to provide food security for the future.

FAS ROME REPORTING

IT1013 - Geographic Indications Italy's Food Trademark System

Italy uses the European Union’s trademark system of Geographical Indications (GIs) to protect its traditional food products. While consumers commonly understand these labels to mean quality, GIs simply refer to a defined production process or location. Italy’s GI production was worth €5.3 billion in 2008 with the bulk of value in cheese and processed meats. Italian GIs cover a range of products, from the well-known Parmigiano Reggiano to little-known varieties of olive oil. While GIs constitute

a third of processed food production, they make up only 10% of processed food exports

IT1014 - Wine Annual Report and Statistics
The European Union (EU) is the world's largest wine producer, consumer, exporter, and importer. Total EU-27 wine production in 2009/10 decreased 1 percent due to adverse weather, mainly in Spain and to a lesser extent in Germany and Romania. This decrease was only partially offset by increases reported in France and Italy. Wine consumption is expected to decline in 2010/11 primarily to the continued general economic crisis. EU exports in 2009 declined 8 percent in volume and 17 percent in value. Total EU imports in 2009 increased 4 percent in volume, but declined 11 percent in value. Wine shipments from the United States remain fairly stable and are increasingly represented by bulk wine bottled locally for distribution within the EU.

IT1015 - Agricultural News for Italy and the EU - February 2010
Report contains Italian and EU agricultural news items of interest for the month of February 2010.

IT1016 - Italy Again Complains about EU GMO Approvals
The European Commission's decision to end the *de facto* moratorium on GMO approvals and to approve the first GMO crop for cultivated in the European Union in 12 years has sparked the usual complaints from Italy. Italian Minister of Agriculture Zaia stated he is adamantly opposed to the decision and suggested holding a national referendum. He reiterated that Italy's strict enforcement of a ban on GM foods is a "question of national sovereignty" and announced plans to ally with other EU members to demand that the decision be reversed.

IT1017 - Italians Sequence Corvina - Amarone Genome
Researchers at the Center for Functional Genomics, University of Verona, have mapped the genome and transcriptome of the first native Italian vine - the Corvina. The Corvina is a basic grape variety used to produce Amarone and Valpolicela wine.

IT1018 - Food Processing Ingredients
Italy imports between two and three times more unprocessed products than it exports. These imports are crucial for its food processing industry, which turns the raw materials into finished products for export and domestic consumption. The food and drink sector is a primary component of the Italian economy, with production valued at €120 billion in 2009. While Italy's food and drink sector continues to contract during the current financial crisis, it performs well compared to other sectors of the economy. Italy's food and drink sales decreased 1.6% in 2009 to €97.8 billion. Bakery products, dairy products, and chilled/processed products have the largest retail value of all processed foods in Italy, with each sector valued at more €1.2 billion

IT1019- 2010 Country Strategy Statement
This report contains FAS Rome's 2010 Country Strategy Statement (CSS) with the agricultural, economic, policy review, SWOT analysis and Strategic Goals & Objectives for Italy.

FAS ROME ACTIVITIES

FAS Rome travelled to Milan to meet with USDA Market Cooperators and Italian importers.

FAS Rome attended the pro-biotech farmers union Confagricoltura's annual conference in Taormina.